

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS

C O N F I D E N T I A L STATE 291397

E.O. 11652: GDS

TAGS: ENRG, PFOR

SUBJECT: DIPLOMATIC EFFORTS TO DETER OPEC PRICE INCREASE.

1. ON BEHALF OF ASSISTANT SECRETARY KATZ, EMBASSY SHOULD BRING DAVIGNON UP TO DATE ON THE ACTION WE HAVE TAKEN SUBSEQUENT TO KATZ STATEMENT AT IEA GB INVITING OTHER IEA MEMBERS TO CONSULT WITH THE US ON WAYS TO COORDINATE EFFORTS TO PREVENT AN INCREASE IN OIL PRICES.

2. WE HAVE CONSULTED WITH SENIOR OFFICIALS OF BRITISH, FRENCH, GERMAN AND JAPANESE GOVERNMENTS TO SHARE IN GREATER DETAIL OUR ANALYSES OF THE IMPACT OF A PRICE INCREASE AND TO REVIEW OUR AND THEIR APPROACHES TO THE PRODUCERS TO DETER AN INCREASE. WE HAVE ALSO CONSULTED INFORMALLY WITH THE EC COMMISSION AND THE DUTCH IN CAPACITY AS EC PRESIDENT. OUR OBJECTIVE IS NOT A COMMON FRONT OR JOINT APPROACH TO PRODUCERS BUT RATHER TO ASSURE THAT WE ARE ALL ACTING IN HARMONY AND IN A MUTUALLY CONSISTENT FASHION.

IN ADDITION, THE DEPARTMENT AND SEVERAL OF OUR EMBASSIES ABROAD HAVE BEGUN THE PROCESS OF CONSULTATIONS WITH OTHER
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INDUSTRIALIZED COUNTRIES. SOME OF THESE MAY MAKE SELECTIVE

APPROACHES TO THE PRODUCERS, AT A MINIMUM TAKING ADVANTAGE

OF MEETINGS WITH VISITING OFFICIALS OF PRODUCER GOVERNMENTS.

3. WE HAVE ALSO COMMUNICATED WITH A LIMITED NUMBER OF KEY NON-OIL PRODUCING DEVELOPING COUNTRIES TO DRAW THEIR ATTENTION TO THE IMPACT AN INCREASE WOULD HAVE ON THEIR ECONOMIES AND DEVELOPMENT PLANS AND STRESS THE DESIRABILITY OF THEIR MAKING THEIR VIEWS KNOWN TO OIL PRODUCERS. INITIAL RESPONSES ARE ENCOURAGING ALTHOUGH WE HAVE NOT YET HEARD FROM ALL. A NUMBER OF OIL IMPORTING DEVELOPING COUNTRIES HAVE VOICED THEIR CONCERN ABOUT AN INCREASE TO US OR IN STATEMENT FOR THEIR LOCAL MEDIA.

4. WE HAVE NOW COMPLETED FORMAL REPRESENTATIONS TO ALL OPEC MEMBER GOVERNMENTS TO MAKE CLEAR OUR VIEWS THAT A FURTHER PRICE INCREASE WOULD BE UNJUSTIFIED AND HARMFUL TO THE FRAGILE GLOBAL ECONOMY. IN OUR FOLLOW-UP EFFORTS WE ARE CONCENTRATING ON THE KEY PRODUCERS, IN PARTICULAR, SAUDI ARABIA, IRAN AND VENEZUELA. ROBINSON

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